

U.S. DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
FILED

MAR 07 2011

IN OPEN COURT
JAMES W. McCORMACK, CLERK
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IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS

UNITED STATES OF AMERICA)

vs.)

LUTHER BOYD HARDIN)

No. 4:11CR56JMM
18 U.S.C. § 1343
18 U.S.C. § 1957

INFORMATION

COUNT 1

THE UNITED STATES ATTORNEY CHARGES THAT:

A. BACKGROUND

At all times material herein:

1. LUTHER BOYD HARDIN, who is an attorney, a former State Senator, and the former Director of the Arkansas Department of Higher Education, became President of the University of Central Arkansas (UCA) in Conway, Arkansas in September 2002. He resigned as President in the Spring of 2009.

2. The University of Central Arkansas is a four year college that receives funding from the State of Arkansas, in addition to revenue generated from student tuition, fees, and private donations .

3. The University of Central Arkansas Board of Trustees has responsibility for, among other things, overseeing the fiscal condition and administration of the University, and for hiring the President of the University. The Trustees are appointed for a specific

term of years by the Governor of Arkansas.

4. As President of the University of Central Arkansas, LUTHER BOYD HARDIN was paid a legal maximum salary of approximately \$250,000 per year from state funds. In 2005, the UCA Board passed a resolution showing their appreciation for HARDIN's tenure awarding him a deferred compensation package of \$300,000 to be paid from legally available funds at the end of five years. This deferred compensation package was to be funded at the rate of \$60,000 per year for five years, and the monies were to be acquired from private donations because state funds could not be used to increase HARDIN's pay above the state mandated legal maximum salary.

5. Two years later, in 2007, the UCA Board of Trustees awarded HARDIN a \$100,000 bonus to be paid "from legally available funds", i.e. private donations made payable to UCA. Unbeknownst to the UCA Board, HARDIN instructed those under his authority at UCA to immediately pay him the \$100,000 from UCA funds, which were at the time public funds, and not moneys from private donations.

6. UCA and LUTHER BOYD HARDIN had bank accounts at First Security Bank and Centennial Bank, respectfully, which were insured by the Federal Deposit Insurance Corporation. Electronic transfers of funds from First Security Bank and Centennial Bank to each other and to other banks are performed through an interstate electronic communication system.

7. Before April of 2008, HARDIN, was in financial distress with a large personal

debt. HARDIN had taken out loans from banks, drawn on lines of credit, and made early withdrawals from his retirement fund to pay on the large personal debt, but was not able to extinguish it.

B. THE CHARGE

From in or about February 2008, through in or about June 2008, in the Eastern District of Arkansas,

LUTHER BOYD HARDIN

voluntarily and intentionally devised and participated in a scheme to defraud and for obtaining money by means of false and fraudulent pretenses and representations as follows:

1. It was part of the scheme to defraud and obtain moneys by false and fraudulent pretenses that in or about April 2008, HARDIN decided to get immediate access to the \$300,000 so that he could decrease his large personal debt.

2. It was part of the scheme to defraud and obtain moneys by false and fraudulent pretenses that in April 2008, HARDIN dictated letters to his secretary which he intended to give to the Board of Trustees at their next meeting so that he could get the \$300,000 immediately.

3. It was part of the scheme to defraud and obtain moneys by false and fraudulent pretenses that the letters, which HARDIN dictated and presented as authentic, were typed as if they it were written by the UCA Vice President for Administration, the UCA

Executive Vice President, and the UCA Vice President for Finance. The contents of the letters discussed the legality of the immediate payment of the \$300,000 deferred compensation package to HARDIN by UCA as well as the process for making the immediate payment to HARDIN. One of the letters falsely stated that the UCA Vice President for Finance had “sequestered the money and it has been in place for two full years” and that it was available for transfer to HARDIN upon the Board’s vote.

4. It was part of the scheme to defraud and obtain moneys by false and fraudulent pretenses that on May 2, 2008, HARDIN presented these letters to the UCA Board of Trustees. HARDIN did not tell the Board of Trustees that he had authored the letters rather than the three vice presidents, nor did HARDIN tell the three UCA Vice Presidents that he was submitting the letters as if they had authored them. As a result, the Board voted in executive session to pay the \$300,000 deferred compensation monies immediately to HARDIN which they falsely believed was justified based on the letters that HARDIN had provided. That is to say, the Board of Trustees relied on the false assertion that it was legal to pay the money and that funds were available from private contributions, when in fact the payments were derived ,in whole or in part, from public funds.

5. It was part of the scheme to defraud and obtain moneys by false and fraudulent pretenses that HARDIN then dictated a memo for his secretary to type. The memo was addressed to the UCA Director of Human Resources and was from the Chairman of the

Board of Trustees. The memo stated that the \$300,000 was to be paid immediately to HARDIN from the "Trustee's special fund [which] had accrued over the last several years."

6. It was part of the scheme to defraud and obtain moneys by false and fraudulent pretenses that after the Board meeting, HARDIN directed his secretary to destroy documentation showing that he had dictated the letters and presented the false letters to the Board.

7. On or about May 28, 2008, in the Eastern District of Arkansas and elsewhere, the defendant,

LUTHER BOYD HARDIN

having devised and participated in the above-described scheme to defraud and to obtain money by means of false and fraudulent pretenses and representations, for the purpose of executing and in order to effect the scheme, knowingly caused wire communications to be transmitted in interstate commerce, writings, signs, signals, pictures, and sounds, in that he caused to be sent a wire of funds between UCA's account at First State Bank and his account at Centennial Bank.

All in violation of Title 18 U.S.C. Section 1343.

COUNT 2

On or about June 2, 2008, in the Eastern District of Arkansas, the defendant,

LUTHER BOYD HARDIN,

knowingly engaged in three monetary transactions in amounts each exceeding \$10,000, specifically, \$12,500, \$15,000 and \$15,000, which affected interstate commerce with funds obtained by wire fraud, that is, the defendant purchased cashier's checks drawn on his account at Centennial Bank from funds derived from wire fraud, as charged in Count 1, to pay the above specific debts, and the recipients of the cashier's checks deposited them in their bank accounts.

All in violation of 18 U.S.C. Section 1957.

Respectfully Submitted,

CHRISTOPHER R. THYER
United States Attorney

A handwritten signature in black ink, appearing to read "Pat Harris", is written over the printed name of Patrick Harris.

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